

**ARTS AND HUMANITIES COUNCIL OF
SOUTHWEST LOUISIANA, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

August 31, 2010 and 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

12/1/10

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Arts and Humanities Council of Southwest Louisiana, Inc.
Lake Charles, Louisiana

We have reviewed the accompanying statements of financial position of Arts and Humanities Council of Southwest Louisiana, Inc. as of August 31, 2010 and 2009, the related statements of activities, functional expenses and cash flows for the years then ended, in accordance with the *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Arts and Humanities Council of Southwest Louisiana, Inc.

A review consists principally of inquiries of Council personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Lake Charles, Louisiana
November 9, 2010

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENTS OF FINANCIAL POSITION

August 31,

(See Accountants' Review Report)

	2010	2009
ASSETS:		
Cash and cash equivalents	\$ 67,977	\$ 62,661
Accounts receivable	994	-
Total current assets	68,971	62,661
Property and equipment, net of accumulated depreciation	1,156	418
Total assets	\$ 70,127	\$ 63,079
LIABILITIES AND NET ASSETS:		
Accounts payable	\$ 4,759	\$ 20,201
Due to grant recipients	32,852	52,264
Accrued liabilities	1,867	2,798
Total current liabilities	39,478	75,263
NET ASSETS:		
Unrestricted	30,649	(12,184)
Total liabilities and net assets	\$ 70,127	\$ 63,079

See accompanying notes.

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC

STATEMENTS OF ACTIVITIES

For the Years Ended August 31, 2010 and 2009

(See Accountants' Review Report)

	<u>2010</u>	<u>2009</u>
CHANGES IN UNRESTRICTED NET ASSETS:		
REVENUES AND OTHER SUPPORT:		
Memberships	\$ 125	\$ 575
Fundraising	108,211	78,498
Arts camp	77,328	68,605
Grants	309,553	348,661
Interest and dividend income	415	336
Special projects	4,124	70,541
Miscellaneous	7,434	9,343
Total unrestricted revenues and other support	<u>507,190</u>	<u>576,559</u>
 PROGRAM EXPENSES:		
Arts and Humanities Program	141,285	187,044
Decentralized Arts Program	226,741	261,091
Special projects	1,513	50,974
Total program expenses	<u>369,539</u>	<u>499,109</u>
 SUPPORT EXPENSES:		
Management and general	43,221	64,649
Fundraising	51,597	53,265
Total support expenses	<u>94,818</u>	<u>117,914</u>
Total expenses	<u>464,357</u>	<u>617,023</u>
 Increase (decrease) in unrestricted net assets	<u>42,833</u>	<u>(40,464)</u>
 Net assets, beginning of the year	<u>(12,184)</u>	<u>28,280</u>
 Net assets, end of year	<u><u>\$ 30,649</u></u>	<u><u>\$ (12,184)</u></u>

See accompanying notes.

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended August 31, 2010

(See Accountants' Review Report)

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 45,355	\$ 18,840	\$ 5,582	\$ 69,777
Payroll taxes	3,253	1,351	400	5,004
Employee benefits	928	385	114	1,427
Arts camp	74,428	-	-	74,428
Arts fest	4,595	-	-	4,595
Bank charges	-	1,141	-	1,141
Contracts	85	-	-	85
Depreciation	-	181	-	181
Fundraising	-	-	44,903	44,903
Insurance	-	5,121	-	5,121
Legal and professional	545	4,904	-	5,449
Membership/subscription	895	0	-	895
Miscellaneous	205	-	-	205
Panel meeting	791	560	-	1,351
Printing and publications	630	35	35	700
Professional development	339	-	-	339
Postage	185	1,181	-	1,366
Public relations	1,100	154	-	1,254
Regrants	226,741	-	-	226,741
Rent	-	6,350	-	6,350
Repairs and maintenance	4,963	-	-	4,963
Special projects	1,513	-	-	1,513
Supplies	843	1,125	563	2,531
Telephone	1,892	1,893	-	3,785
Travel	254	-	-	254
Total expenses	\$ 369,539	\$ 43,221	\$ 51,597	\$ 464,357

See accompanying notes.

ARTS AND HUMANITIES COUNCIL OF SOUTHWEST LOUISIANA, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended August 31, 2010 and 2009

(See Accountants' Review Report)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 42,833	\$ (40,464)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	181	104
(Increase) decrease in:		
Accounts receivable	(994)	-
Increase (decrease) in:		
Accounts payable	(15,442)	17,601
Due to grant recipients	(19,412)	27,960
Accrued expenses	(931)	675
Net cash provided by operating activities	<u>6,235</u>	<u>5,876</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(919)</u>	<u>(522)</u>
Net cash (used in) investing activities	<u>(919)</u>	<u>(522)</u>
Net increase in cash and cash equivalents	5,316	5,354
Cash and cash equivalents, beginning of year	<u>62,661</u>	<u>57,307</u>
Cash and cash equivalents, end of year	<u>\$ 67,977</u>	<u>\$ 62,661</u>

See accompanying notes.

Arts and Humanities Council of Southwest Louisiana, Inc.

NOTES TO FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Arts and Humanities Council of Southwest Louisiana, Inc. was incorporated in 1979 as a nonprofit corporation organized under the laws of the state of Louisiana for the purpose of fostering, promoting, supporting, and providing, cultural events and arts programming of the highest quality for Southwest Louisiana. The Council is operated by staff with oversight by a volunteer Board of Directors. The Council is an exempt organization for federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Council are qualified as charitable donations.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification, *Financial Statements of Non-For-Profit Organization*, (ASC 958-205). Under ASC 958-205, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Public support and expenses

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions. The Council relies heavily on grants (government and other) and general public donations to support its operations.

Contributions of donated noncash assets are recorded at their fair market values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by an individual possessing skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Council receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activity because the criteria for recognition under FASB ASC 958-605-55-52 have not been satisfied.

Arts and Humanities Council of Southwest Louisiana, Inc.

NOTES TO FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Grant revenue recognition

Grants that represent exchange transactions are recorded as a receivable when the grant is formally committed. Grants committed at year end which are applicable to the subsequent fiscal period are included in grants receivable and deferred revenue.

The Council receives grants which apply to programs whose duration extends into the subsequent year. Revenue is recognized on these grants each fiscal year based on a ratio of expenses incurred during the year to the total projected expenses of the program. At August 31, the unexpended portion of the grant is deferred. In the case of grants received for general operations that apply to a designated time period, income is recognized on a pro-rata basis.

Grants that represent contributed support are recognized in the same manner as promises to give.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, the Council considers all highly liquid investments, with a maturity of three months or less when purchased, to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

Property and equipment

Assets have been recorded at cost, or if donated at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful life of each asset. Furniture and equipment is depreciated over 3-7 years.

The Council follows the practice of capitalizing all furniture and equipment in excess of \$500.

Arts and Humanities Council of Southwest Louisiana, Inc.

NOTES TO FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Membership dues and admission fees

Membership dues are recognized as revenue in the applicable membership period. Admission fees are recorded as revenue in the period when the fees are due.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a program basis in the statement of activities. Accordingly, certain costs have been allocated among the programs benefited and supporting activities based on management's analysis of the benefit received by supporting and program services. Direct program expenses are allocated 100% to program services.

NOTE 2 - FURNITURE AND EQUIPMENT

Furniture and equipment at August 31, 2009 and 2008, consists of the following:

	2010	2009
Furniture	\$ 3,056	\$ 3,056
Equipment	21,978	21,059
	25,034	24,115
Less accumulated depreciation	(23,878)	(23,697)
	<u>\$ 1,156</u>	<u>\$ 418</u>

Depreciation expense for the years ended August 31, 2010 and 2009 were \$181 and \$104, respectively.

NOTE 3 - DONATED ASSETS AND SERVICES

There have been no amounts reflected in the statements for donated voluntary man hours since the criteria for recognition under FASB ASC 958-605-55-52 have not been satisfied. A substantial number of volunteers have donated significant amounts of their time to the Council's support and program services.

Arts and Humanities Council of Southwest Louisiana, Inc.

NOTES TO FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 4 – GRANTS FROM GOVERNMENTAL AGENCIES AND OTHER ORGANIZATIONS

The summary of grants from governmental agencies and other organizations during 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
State of Louisiana		
Division of the Arts	\$ 161,876	\$ 202,531
Office of Cultural Development	18,677	20,329
City of Lake Charles	39,000	40,801
Southwest LA Convention and Visitors Bureau	40,000	35,000
Calcasieu Parish Police Jury	50,000	50,000
	<u>\$ 309,553</u>	<u>\$ 348,661</u>

NOTE 5 – COMPENSATED ABSENCES

Employees of the Council are entitled to paid vacation, paid sick days, and personal days off depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly no liability has been recorded in the accompanying financial statements. The Council's policy is to recognize the costs of compensated absences when they are actually paid to employees.

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Council maintains its cash accounts in two local commercial banks. Accounts are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000.

NOTE 7 – CONTINGENT LIABILITIES

The Council receives grants for specific purposes that are subject to review and audit by the agency providing the funding. Such reviews and audit could result in expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.

Arts and Humanities Council of Southwest Louisiana, Inc.

NOTES TO FINANCIAL STATEMENTS

August 31, 2010 and 2009

NOTE 8 – ECONOMIC DEPENDENCY

The Council receives the majority of its revenues from funds provided through various federal, state and private grants. If significant budget cuts are made at the federal state or local level, the amount of funds the Council receives could be reduced significantly and have an adverse impact on its operations. In 2009-2010 the Division of the Arts decreased the funding from \$202,531 in 2008-2009 to \$169,831 in 2009-2010 and the local agencies in Lake Charles assisted in helping to offset the budget reductions. The Council is currently working on more fundraising for the upcoming year.

NOTE 9 – SUBSEQUENT EVENTS

The Council evaluated its August 31, 2010 financial statements for subsequent events through November 9, 2010, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**ARTS AND HUMANITIES COUNCIL OF
SOUTHWEST LOUISIANA, INC.**

ATTESTATION REPORT

August 31, 2010

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

11/23/10 (Date Transmitted)

Arts + Humanities of Southwest Louisiana

Langley, Williams + Co. LLC (Auditors)

In connection with your review of our financial statements as of 8/31/10 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representation).

Federal, State, and Local Awards

We have detailed for you the amount of federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:1 through 42:13 (the open meetings law).

Yes ☒ No ☐

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Sally R. Cappel Secretary 9-27-10
Date
Carol A. White Treasurer 9-23-10
Date
Kaylie Batta President 10/1/10
Date



Langley, Williams & Company, L.L.C.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

November 9, 2010

To the Board of Directors

Arts and Humanities Council of Southwest Louisiana, Inc.

Lake Charles, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the Arts and Humanities Council of Southwest Louisiana, Inc. and the Legislative Auditor, State of Louisiana to assist the users in evaluating management's assertions about the Council's compliance with certain laws and regulations during the year ended August 31, 2010, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and the applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of Federal; State and local award expenditures for the fiscal year by grant and grant year.

The Council did not receive or expend any federal grants during the fiscal year and following are the expenditures for the state and local grants for the fiscal year ended August 31, 2010:

State or Local Grant Name	Grant Year	Amount
State of Louisiana Division of the Arts (DAF)	2010	\$ 897
State of Louisiana Division of the Arts (DAF)	2008	472
	2010	122,648
City of Lake Charles (City)	2008	500
	2009	11,046
	2010	19,385
Southwest LA Convention and Visitors Bureau (CVB)	2008	1,000
	2009	1,750
	2010	26,525
Calcasieu Parish Police Jury (CPPJ)	2010	42,518
Total expenditures		<u>\$226,741</u>

2. For each of the state and local awards, we randomly selected 6 disbursements for each award administered during the period under examination, provided that no more than 30 disbursements would be selected.
3. For the items selected in procedure 2, we traced the thirty disbursements to supporting documentation as to proper amount and payee.

We examined supporting documentation for the thirty disbursements and found that all payments were for the proper amount and made to the correct payees.

4. For the items selected in procedure 2, we determined if the thirty disbursements were properly coded to the correct fund and general ledger account.

We examined supporting documentation for the thirty disbursements and found that all payments were properly coded to the correct fund and general ledger account.

5. For the items selected in procedure 2, we determined whether the thirty disbursements received approval from proper authorities.

Description of Findings: Twenty-eight payments had the proper approval from the executive director. Two disbursements (check no. 8095 and 8157) were credit card statements that had no proof of approval from the executive director.

Corrective Action Planned: All invoices especially credit card statements need to have the initials of the executive director as approval of the payment.

6. For the items selected in procedure 2, for state and local awards, we determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed and unallowed:

We reviewed the previously listed disbursements for types of services allowed or not allowed. There were no findings.

Eligibility

We reviewed the previously listed disbursements for eligibility requirements. There were no findings.

Reporting

We reviewed the previously listed disbursements for reporting requirements. There were no findings.

7. For the programs selected for testing in item (2) that had been closed out during the period under review, we compared the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

There were no programs closed out during the period under review.

Meetings

8. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The Council is only required to post notice of each meeting and the accompanying agenda on the door of the Council's office building. Management does properly post the notice of the meetings as evidenced by observation.

Comprehensive Budget

9. For all grants exceeding \$5,000, determined that each applicable federal, state or local grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for the state grants, included specific goals and objectives and measures of performance.

The Council provided comprehensive budgets to the applicable grantor agencies for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the projects and plans showing specific goals and objectives and measures of performance.

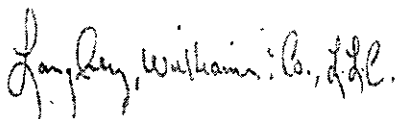
Prior Comments and Recommendations

10. We reviewed any prior year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

In the agreed-upon procedures engagement for the year ended August 31, 2009, we reported that one disbursement did not have proper documentation and one check was not coded correctly to the general ledger. Both exceptions were resolved in the current year by management.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, others matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Arts and Humanities Council of Southwest Louisiana, Inc., the State of Louisiana Legislative Auditor, and the applicable state grantor agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.



Lake Charles, Louisiana
October 26, 2010